101ST CONGRESS
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HOUSE OF REPRESENTATIVES
REPORT
101-414

# SUSPENDING SECTION 332 OF THE AGRICULTURAL ADJUSTMENT ACT OF 1938

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MARCH 6, 1990.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. DE LA GARZA, from the Committee on Agriculture, submitted the following

# REPORT

[To accompany H.R. 4099]

[Including cost estimate of the Congressional Budget Office]

The Committee on Agriculture, to whom was referred the bill (H.R. 4099) to suspend section 332 of the Agricultural Adjustment Act of 1938 for the 1991 crop of wheat, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

## BRIEF EXPLANATION

H.R. 4099 will suspend, for the 1991 crop of wheat, the requirements that the Secretary of Agriculture—

(1) proclaim a national marketing quota for wheat for the 1991 marketing year, if prior to April 15, 1990, the Secretary determines that the total supply of wheat in the 1991 marketing year will, in the absence of a marketing quota program, likely be excessive; and

(2) determine and proclaim the amount of the national marketing quota for the 1991 marketing year between January 1, 1990 and April 15, 1990, if a national marketing quota for wheat is proclaimed for the 1991 marketing year.

## PURPOSE AND NEED

The Agricultural Adjustment Act of 1938 in part requires the Secretary of Agriculture to administer an annual wheat program that assigns wheat farmers annual marketing quotas, requires farmer compliance with the quotas, and imposes penalties on farmers who exceed the marketing quota assigned to them.

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These requirements have not been in effect for the 1986 through 1990 crops of wheat as a result of the Food Security Act of 1985. However, in the absence of this bill, the Secretary would be required to announce a national wheat marketing quota for the 1991 crop of wheat and determine and proclaim the amount of the quota by April 15, if the Secretary determined that the supply of wheat will be excessive.

Such a process and proclamation would not only impose upon the Department of Agriculture an administrative burden that is unnecessary at the time, but could also create unnecessary confusion among wheat farmers in view of the fact that Congress is in the process of writing new farm legislation in part to determine the provisions of the wheat program for the 1991 through 1995 crops. That farm legislation will be able to address these provisions of the Agricultural Adjustment Act of 1938 for the 1992 through 1995 crops of wheat.

## SECTION-BY-SECTION ANALYSIS

H.R. 4099 will provide that section 332 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1332) will not apply to the 1991 crop of wheat.[1]

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[1] Section 332 of the Agricultural Adjustment Act of 1938, in pertinent part, provides the following:

"(a) Whenever prior to April 15 in any calendar year the Secretary determines that the total supply of wheat in the marketing year beginning in the next succeeding calendar year will, in the absence of a marketing quota program, likely be excessive, the Secretary shall proclaim that a national marketing quota for wheat shall be in effect for such marketing year and for either the following marketing year or the following two marketing years, if the Secretary determines and declares in such proclamation that a two- or three-year marketing quota program is necessary to effectuate the policy of the Act.

(b) If a national marketing quota for wheat has been proclaimed for any marketing year, the Secretary shall determine and proclaim the amount of the national marketing quota for such marketing year not earlier than January 1 or later than April 15 of the calendar year preceding the year in which such marketing year begins. The amount of the national marketing quota for wheat for any marketing year shall be an amount of wheat which the Secretary estimates (i) will be utilized during such marketing year for human consumption in the United States as food, food products, and beverages, composed wholly or partly of wheat, (ii) will be utilized during such marketing year in the United States for seed, (iii) will be exported either in the form of wheat or products thereof and (iv) will be utilized during such marketing year in the United States as livestock (including poultry) feed, excluding the estimated quantity of wheat which will be utilized for such purpose as a result of the substitution of wheat for feed grains under section 328 of the Food and Agriculture Act of 1962; less (A) an amount of wheat equal to the estimated imports of wheat into the United States during such marketing year and, (B) if the stocks of wheat owned by the Commodity Credit Corporation are determined by the Secretary to be excessive, an amount of wheat determined by the Secretary to be a desirable reduction in such marketing year in such stocks to achieve the policy of the Act: Provided, That if the Secretary determines that the total stocks of wheat in the Nation are insufficient to assure an adequate carryover for the next succeeding marketing year, the national marketing quota otherwise determined shall be increased by the amount the Secretary determines to be necessary to assure an adequate carryover: And provided further, That the national marketing quota for wheat for any marketing year shall be not less than one billion bushels.

(c) If after the proclamation of a national marketing quota for wheat for any marketing year, the Secretary has reason to believe that, because of a national emergency or because of a material increase in the demand for wheat, the national marketing quota should be terminated or the amount thereof increased, he shall cause an immediate investigation to be made to determine whether such action is necessary in order to meet such emergency or increase in the demand for wheat. If on the basis of such investigation, the Secretary finds that such action is necessary, he shall immediately proclaim such finding and the amount of any such increase found by him to be necessary and thereupon such national marketing quota shall be so increased or terminated. In case any national marketing quota is increased under this subsection, the Secretary shall provide for such increase by increasing acreage allotments established under this part by a uniform percentage."

## COMMITTEE CONSIDERATION

The Committee on Agriculture met on Tuesday, February 27, 1990, to consider H.R. 4099. The Subcommittee on Wheat, Soybeans, and Feed Grains was discharged, by unanimous consent, from further consideration of the bill. Chairman de la Garza provided a brief explanation of the bill.

Without objection, the bill was ordered reported to the House with the recommendaton that it do pass.

## ADMINISTRATION POSITION

The views of the administration on H.R. 4099, to suspend section 332 of the Agricultural Adjustment Act of 1938 for the 1991 crop of wheat, are set forth in the following notice from the Office of Management and Budget:

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
*Washington, DC, March 1, 1990.*

STATEMENT OF ADMINISTRATION POLICY

(This statement has been coordinated by OMB with the concerned agencies.)

H.R. 4099—SUSPENSION OF 1991 WHEAT QUOTA ANNOUNCEMENT AND REFERENDUM

(E de la Garza (D) Texas and 4 others)

The administration supports enactment of H.R. 4099.

## BUDGET ACT COMPLIANCE (SECTION 308 AND SECTION 403)

The provisions of clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 (relating to estimates of new budget authority, new spending authority, or new credit authority, or increased or decreased revenues or tax expenditures) are not considered applicable. The estimate and comparison required to be prepared by the Director of the Congressional Budget Office under clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974 submitted to the committee prior to the filing of this report are as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
*Washington, DC, March 5, 1990.*

Hon. E DE LA GARZA,
*Chairman, Committee on Agriculture,*
*House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed H.R. 4099, a bill to suspend section 332 of the Agricultural Adjustment Act of 1938 for the 1991 crop of wheat, as ordered reported by the House Committee on Agriculture on February 27, 1990. CBO estimates that enactment of this bill would result in a

savings of less than $500,000 to the federal government and in no costs to state and local governments.

Under section 332 of the 1938 act, if the Secretary of Agriculture determines that the 1991 crop of wheat would be too large, he must proclaim a marketing quota by April 15, 1990. A referendum of wheat farmers would be held by August 1, 1990, to determine whether the quota would go into effect. (Such requirements apply only to crops produced in 1991 and later years, because the Food Act of 1985 expires with the 1990 crop.)

H.R. 4099 would suspend section 332 as it applies to the 1991 wheat crop, thus eliminating the requirement for a 1990 wheat referendum. Based on information from the Department of Agriculture, we estimate that avoiding such a referendum would save the Agricultural Stabilization and Conservation Service less than $500,000 in fiscal year 1990.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Eileen Manfredi, who can be reached at 226-2860.

Sincerely,

ROBERT D. REISCHAUER,
*Director.*

## INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the committee estimates that enactment of H.R. 4099, will have no inflationary impact on the national economy.

## OVERSIGHT STATEMENT

No summary of oversight findings and recommendations made by the Committee on Government Operations under clause 2(b)(2) of rule X of the Rules of the House of Representatives was available to the Committee with reference to the subject matter specifically addressed by H.R. 4099.

No specific oversight activities other than the hearings detailed in this report were conducted by the committee within the definition of clause 2(b)(1) of rule X of the Rules of the House of Representatives.

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